

**REPORT OF THE AUDIT OF THE
BOYLE COUNTY
SHERIFF**

**For The Year Ended
December 31, 2001**



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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary,
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Tony Wilder, Boyle County Judge/Executive
Honorable Karl Luttrell Boyle County Sheriff
Members of the Boyle County Fiscal Court

The enclosed report prepared by Potter & Company, LLP, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the Sheriff of Boyle County, Kentucky, for the year ended December 31, 2001.

We engaged Potter & Company, LLP, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Potter & Company, LLP, evaluated the Boyle County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure



**BOYLE COUNTY, KENTUCKY
KARL LUTTRELL, COUNTY
SHERIFF**

**FINANCIAL STATEMENT AND
INDEPENDENT AUDITOR'S REPORT**

Calendar Year 2001

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE BOYLE COUNTY SHERIFF

Calendar Year 2001

Potter & Company, LLP has completed the Boyle County Sheriff's audit for calendar year 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Excess fees decreased by \$4,880 from the prior calendar year, resulting in excess fees of \$142,296 as of December 31, 2001. Revenues increased by \$4,174 from the prior year and disbursements increased by \$9,054.

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

**BOYLE COUNTY, KENTUCKY
KARL LUTTRELL, COUNTY SHERIFF**

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INDEPENDENT AUDITOR'S REPORT

To the People of Kentucky

Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary, Finance
and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Tony Wilder, Boyle County Judge/Executive
Honorable Karl Luttrell Boyle County Sheriff
Members of the Boyle County Fiscal Court

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Boyle County, Kentucky, for the year ended December 31, 2001. This financial statement is the responsibility of the Boyle County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Audit Guide for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Boyle County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Boyle County Sheriff for the year ended December 31, 2001, in conformity with the basis of accounting described in the preceding paragraph.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2002, on our consideration of the Boyle County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



POTTER & COMPANY, LLP
June 5, 2002

BOYLE COUNTY, KENTUCKY
KARL LUTTRELL, COUNTY SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND EXCESS FEES
Calendar Year 2001

Receipts

State Grants		\$	21,032	
State Fees for Services:				
Waiting on Court	\$	20,858		
Mileage Fees		933		
Cabinet for Human Resources		500		
Conveying Convicts		<u>7,167</u>	29,458	
Circuit Court Clerk:				
Sheriff Security Service		15,148		
Fines and Fees Collected		3,647		
Sequester Jury		<u>81</u>	18,876	
Fiscal Court			2,907	
County Clerk - Delinquent Taxes			1,435	
Commission on Taxes Collected			330,195	
Fees Collected for Services:				
Auto Inspections		4,822		
Accident and Police Reports		362		
Serving Papers		22,960		
Sheriff's Advertising Fees		3,276		
Tax Add-On Fees		33,220		
Fiscal Court Service Fees		11,530		
Election Commission		440		
Carrying Concealed Deadly Weapon Permits		8,895		
Executions		<u>570</u>	86,075	
Interest Earned			20,428	
Borrowed Money:				
State Advancement			<u>135,782</u>	
Gross Receipts				\$ <u>646,188</u>

The accompanying notes are an integral part of the financial statement.

BOYLE COUNTY, KENTUCKY
KARL LUTTRELL, COUNTY SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND EXCESS FEES (CONTINUED)
Calendar Year 2001

Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services -		
Deputies' Salaries	\$	228,092
Other Salaries		21,032
Contracted Services -		
Advertising		5,174
Materials and Supplies -		
Office Materials and Supplies		2,951
Uniforms		1,975
Auto Expense -		
Gasoline		11,542
Maintenance and Repairs		1,032
Other Charges -		
Conventions and Travel		991
Postage		768
Bond		546
Transport Prisoners		5,617
Radio Maintenance		123
Utilities		1,353
Sequester Jury		81
Interest		11,453
Carrying Concealed Deadly Weapon Permits		6,200
Miscellaneous		427
Capital Outlay -		
Office Equipment		<u>3,068</u>
	\$	302,425

Debt Service:

State Advancement		<u>135,782</u>
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Total Disbursements \$ 438,207

The accompanying notes are an integral part of the financial statement.

BOYLE COUNTY, KENTUCKY
KARL LUTTRELL, COUNTY SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND EXCESS FEES (CONTINUED)
Calendar Year 2001

Net Receipts	\$ 207,981
Statutory Maximum	<u>(65,685)</u>
Excess Fees Due County for Calendar Year 2001	142,296
Payments to County Treasurer	<u>-</u>
Balance Due At Completion of Audit	\$ <u><u>142,296</u></u>

The accompanying notes are an integral part of the financial statement.

BOYLE COUNTY, KENTUCKY
KARL LUTTRELL, COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENT
December 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting:

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

Basis of Accounting:

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

Cash and Investments:

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

NOTE 2 - EMPLOYEE RETIREMENT SYSTEM

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.00 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent for the first six months of the year and the 6.41 percent for the last six months of the year. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.78 percent for the first six months and 16.28 percent for the last six months of the calendar year.

BOYLE COUNTY, KENTUCKY
KARL LUTTRELL, COUNTY SHERIFF
NOTES TO FINANCIAL STATEMENT
December 31, 2001

NOTE 2 - EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

NOTE 3 - DEPOSITS

The Sheriff maintains deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements have been met, and as of December 31, 2001, the Sheriff's deposits are fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which names the Sheriff as beneficiary/obligee on the bond.

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COMMENT AND RECOMMENDATION

BOYLE COUNTY, KENTUCKY
KARL LUTTRELL, COUNTY SHERIFF
COMMENT AND RECOMMENDATION
December 31, 2001

PRIOR YEAR:

Lacks Adequate Segregation of Duties

Resolution:

Sheriff hired a new clerk to help with the bookkeeping duties. The new clerk prepares receipts and makes the bank deposit.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the People of Kentucky

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Honorable Karl Luttrell, Boyle County Sheriff

Members of the Boyle County Fiscal Court

We have audited the statement of receipts, disbursements, and excess fees of the County Sheriff of Boyle County, Kentucky, for the year ended December 31, 2001, and have issued our report thereon dated June 5, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Boyle County Sheriff's financial statement for the year ended December 31, 2001, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Boyle County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and the Auditor of Public Accounts and is not intended to be and should not be used by anyone other than the specified parties.



POTTER & COMPANY, LLP

June 5, 2002

